



Legislation Details (With Text)

File #: ID 17-589 **Version:** 1 **Name:**

Type: Work Session Report

File created: 4/28/2017 **In control:** City Council

On agenda: 5/9/2017 **Final action:**

Title: Receive a report, hold a discussion, and give staff direction regarding redevelopment of the property at 101 S. Locust Street (Wells Fargo Building).

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit 1 - Wells Fargo actual site, 2. Exhibit 2 - Wells Fargo large site, 3. Exhibit 3 - Wells Fargo site original concept, 4. Exhibit 4 - Presentation

Date	Ver.	Action By	Action	Result
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Agenda Information Sheet

DEPARTMENT: Economic Development

DCM: Bryan Langley

Date: May 9, 2017

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding redevelopment of the property at 101 S. Locust Street (Wells Fargo Building).

BACKGROUND

Jack Bell Properties has acquired the four properties associated with the Wells Fargo bank building at the southeast corner of Locust and Hickory Streets: the tower/bank lobby, the ATM lot, and two parking lots.

The developer is considering three redevelopment scenarios:

1. **Wells Fargo Building:** This option contemplates remodeling the existing building only, to include offices in the basement and on floors 1-3 and 7, luxury apartments on floors 4-6, and an event center on floor 8.
2. **Wells Fargo Actual Site:** This option would include the existing Wells Fargo building and lots only.
 - a. remodeling the existing building to include offices in the basement and on floors 1-3 and 7, luxury apartments on floors 4-6, and an event center on floor 8
 - b. a 70-80 room boutique hotel at the corner of Austin and Hickory streets to include a restaurant/bar, and meeting rooms; because of the smaller site, the hotel would be taller and the pool would be indoors
 - c. 48 units of multifamily housing in a 4-5 story building; an aerial easement over Austin Street will be required to build a sky bridge (with apartment units above it) over Austin Street to the proposed parking garage

d. a 3- to 4-story parking garage attached to the south side of the hotel to provide parking for Jack Bell Properties sites only

3. Wells Fargo Large Site: This option encompasses the existing Wells Fargo building and lots along with leasing the Williams Trade Square site owned by the City of Denton. Details include:

- a. remodeling the existing building to include offices in the basement and on floors 1-3 and 7, luxury apartments on floors 4-6, and an event center on floor 8
- b. an 80-100 room boutique hotel at the corner of Austin and Hickory streets to include an outdoor pool, restaurant/bar, and meeting rooms
- c. 164 units of multifamily housing, including three stories over the proposed parking garage; an aerial easement over Austin Street will be required to build apartments over the proposed park between Walnut and Mulberry streets
- d. 3- to 5-story parking garage on the Williams Trade Square site to provide parking for the entire redevelopment, including 102 spaces to replace the current free public parking on the site
- e. Approximately 10,000 square feet of retail, restaurant, or office space on the Hickory Street-facing first floor of the parking garage
- f. abandonment of Austin Street for the construction of a park to be owned by the City and maintained by the developer

Jack Bell Properties has the following requests related to the redevelopment:

- Option to lease the Williams Trade Square site
- Boundary line adjustment between the Wells Fargo parking lots and Williams Trade Square
- Granting of an aerial easement over Austin Street (a license to build across Austin and Walnut streets was issued by the City to the property owner in 1971 for a term of 50 years to facilitate the concept for the original project, see Exhibit 3 for illustration; City staff is researching the details and implications of this license)
- If Austin Street is made into a park, the City will own it and the developer will maintain it in lieu of park fees

Note on downtown residential inventory and population: As of April 30, 2017, there are 527 multifamily units downtown. There are also 24 lofts above businesses and 15 townhomes. The estimated residential population in the Downtown Implementation Plan Area is 2,500, which includes residents of multifamily, lofts, townhomes, and single family homes.

FISCAL INFORMATION

Current Conditions for Williams Trade Square:

- The Denton Central Appraisal District's 2016 valuation of Williams Trade Square is \$432,000.
- In FY 16-17, the City of Denton will receive annual revenue of \$15,330 from the lease of parking spaces in Williams Trade Square to Wells Fargo Bank and Denton County.
- Williams Trade Square may be rented for special events at the rates of \$50/6 hours, \$100/12 hours, \$150/24 hours, and a multi-day maximum of \$450. To date in FY 16-17, one event has rented the site for a fee of \$300; no other events have been booked.

Current Conditions for Wells Fargo and Preliminary Analysis for Redevelopment

Current Value and Tax Revenue of the Wells Fargo Properties		
Property ID	Current Valuation	Tax Revenue Estimate
ATM 32829	\$189,047	\$1,292
Parking 32837	\$250,897	\$1,714
Parking 32844	\$274,260	\$1,874
Building 35443	\$3,700,000	\$25,284
Total Valuation	\$4,414,204	\$30,164
<i>Denton 2016/17 tax rate: .683340</i>		

The tables below shows the actual or estimated values of structures associated with the Wells Fargo Actual Site and the Wells Fargo Large Site options, along with the estimated annual tax revenue. This preliminary analysis is based on information provided by the developer and gathered by City Economic Development staff.

City Tax Revenue Estimates for Wells Fargo Actual Site				
Property	Value	Ad Valorem	Hotel Occupancy Tax	Sales Tax
Wells Fargo Building 35443 ¹	\$3,700,000	\$25,284		
Proposed apartments ad valorem ²	\$4,413,985	\$30,163		
Proposed hotel ad valorem ³	\$5,461,400	\$37,320		
Proposed parking garage ad valorem ⁴	\$1,768,000	\$12,081		
Proposed hotel HOT ⁵			\$172,463	
Proposed hotel restaurant sales tax ⁶				\$15,000
Totals	\$15,343,385	\$104,848	\$172,463	\$15,000
Grand Total:	\$292,311			
<i>Assumptions</i>				
¹ 2016 Denton CAD assessed value; not estimating an increase due to assumption of interior-only remodel				
² based on Denton CAD average for downtown new mixed use (\$95/sf)				
³ based on Hotel Indigo comp from McLennan CAD (\$140/sf)				
⁴ based on Tarrant CAD garage values (\$20/sf)				
⁵ based on City pro forma for Embassy Suites project (75 rooms @ \$150/night x 60% occupancy rate)				
⁶ based on \$1 million in annual sales				

City Tax Revenue Estimates for Wells Fargo Large Site				
Property	Value Estimate	Ad Valorem	Hotel Occupancy Tax	Sales Tax
Wells Fargo Building 35443 ¹	\$3,700,000	\$25,284		
Proposed apartments ad valorem ²	\$15,081,060	\$103,055		
Proposed hotel ad valorem ³	\$6,580,000	\$44,964		
Proposed parking garage ad valorem ⁴	\$3,400,000	\$23,234		
Proposed hotel HOT ⁵			\$206,955	
Proposed hotel restaurant sales tax ⁶				\$15,000
Totals	\$28,761,060	\$196,536	\$206,955	\$15,000
Grand Total:	\$418,491			
<i>Assumptions</i>				
¹ 2016 Denton CAD assessed value; not estimating an increase due to assumption of interior-only remodel				
² based on Denton CAD average for downtown new mixed use (\$95/sf)				
³ based on Hotel Indigo comp from McLennan CAD (\$140/sf)				
⁴ based on Tarrant CAD garage values (\$20/sf)				
⁵ based on City pro forma for Embassy Suites project (90 rooms @ \$150/night x 60% occupancy rate)				
⁶ based on \$1 million in annual sales				

OPTIONS

1. Initiate discussions regarding the lease of Williams Trade Square
2. Maintain status quo regarding Williams Trade Square

STRATEGIC PLAN RELATIONSHIP

The City of Denton’s Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development
Related Goal: 3.4 Encourage development, redevelopment, recruitment, and retention

EXHIBITS

- Exhibit 1 - Wells Fargo Actual Site Plan
- Exhibit 2 - Wells Fargo Large Site Plan
- Exhibit 3 - Wells Fargo Site Original Concept
- Exhibit 4 - Presentation

Respectfully submitted:
 Caroline Booth
 Director of Economic Development

